



BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
WASHINGTON, D. C. 20551

TO: Federal Open Market Committee                      DATE: February 25, 1993

FROM: Normand Bernard *N.B.*

FOR INFORMATION

Press release and note from Mr. McDonough relating to the temporary suspension of Daiwa Securities America from its dealer trading privilege.

Attachment



# F R B N Y

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33 Liberty St. New York, N.Y. 10045 Public Information 212-720-6141 or -6143

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No. 19..

FOR IMMEDIATE RELEASE: THURSDAY, FEBRUARY 25, 1993

STATEMENT ISSUED BY THE FEDERAL RESERVE BANK OF NEW YORK IN CONNECTION WITH THE SETTLEMENT ANNOUNCED BY THE SECURITIES AND EXCHANGE COMMISSION WITH DAIWA SECURITIES AMERICA, INC.

The Federal Reserve Bank of New York views the irregularities alleged in the Daiwa settlement as a serious matter and a breach by Daiwa of its responsibilities as a primary dealer. The New York Fed, therefore, will suspend its trading activity with the firm for a period of one month, commencing March 1, 1993. The bank will resume its full trading activities with the firm on April 1, 1993. The firm's designation as a primary dealer remains unchanged.

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(daiwa.pd)



FEDERAL RESERVE BANK OF NEW YORK


NEW YORK, N. Y. 10045-0001

AREA CODE 212 720-6180

FACSIMILE 212 720-8681

WILLIAM J. McDONOUGH  
EXECUTIVE VICE PRESIDENT

February 25, 1993

To: Federal Open Market Committee  
From: William J. McDonough   
Re: Daiwa Securities America Inc.

The attached press release by the New York Fed will be issued at the same time that the SEC announces its settlement agreement with Daiwa on a matter arising out of Daiwa's submitting a bid in the Treasury auction August 10, 1989 in its own name, when it was actually representing Salomon Brothers. The Treasury will also be issuing a press release suspending Daiwa from submitting customer bids in Treasury auctions for a period of three months.

We are suspending our trading activities with Daiwa for a period of one month. You will recall that we suspended our trading activities with Salomon Brothers for a period of two months.

If you wish any additional background information, please call me.